

Message Text

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PAGE 01 STATE 018930
ORIGIN AGRE-00

INFO OCT-02 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 STR-06 L-03
/064 R

DRAFTED BY AGRIC/FAS/FMD/COT/BDAVIS:MRA
APPROVED BY EUR/EE:NGANDREWS
FMD/COT: BDAVIS
OGSM: KSTEPHENS
OAA/FMD: JMINYARD
AA: REULER
US/USSR SEC: GSBROWN
AGRIC: EBEVIS
STATE/EUR/EE: SFROMOWITZ (PHONE)
-----128796 251831Z /46

R 242112Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST
INFO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: EAGR, BDIS, RO

SUBJECT: ROMANOEXPORT CONTRACT PROBLEMS

1. U.S. COTTON SHIPPERS CLAIM THAT ROMANOEXPORT IS NOT
COMPLYING WITH CONTRACTUAL COMMITMENTS AND HAVE REQUESTED
THAT THE U.S. EMBASSY MAKE REPRESENTATIONS TO ROMANOEXPORT
AND OR MINISTRY OF FINANCE. SEVEN SHIPPERS SHARED A
10 MILLION DOLS., 30,000 BALE COTTON SALE TO ROMANOEXPORT
WITH SHIPMENT DEC.-JAN. AT BUYER OPTION. ROMANOEXPORT
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OPENED LETTERS OF CREDIT FOR 3,000 BALES TO TWO SHIPPERS
BUT NOTIFIED OTHER SHIPPERS BEGIN QUOTE IN SPITE OF ALL
OUR EFFORTS, DUE TO A RECENT DECISION OF OUR FINANCING
AUTHORITIES, THE ONLY POSSIBILITY IS TO TAKE DELIVERY ON
BALES SOLD FOR APRIL SHIPMENT WITH NO ADDITIONAL CHARGES.
WE NEVERTHELESS ARE WORKING TO OBTAIN APPROVAL FOR LETTERS
OF CREDIT ALLOWING SHIPMENT END OF JAN. OR BEGINNING FEB.

BY PAYMENT ONLY AT BEGINNING APRIL WITH NO ADDITIONAL CHARGES. END QUOTE.

2. THIS COTTON WAS SOLD AS ARIZONA COTTON WITH SHIPMENT FROM GALVESTON. AT ROMANOEXPORT'S REQUEST, MOST SHIPPERS SHIFTED ORIGIN FROM ARIZONA TO CALIF. CONSEQUENTLY SHIPPERS HAVE ALREADY MADE CONSIDERABLE CONCESSIONS BY PROVIDING A HIGHER QUALITY COTTON WHICH REQUIRES LARGER INLAND

TRANSPORT EXPENSE. MOST OF THIS COTTON IS ALREADY POSITIONED FOR EXPORTS WHERE STORAGE COSTS TYPICALLY AMOUNT TO 2.50 DOLS.-3.00 DOLS. PER BALE PER MONTH. AT ROMANOEXPORT'S INSISTENCE CONTRACTS DO NOT PROVIDE FOR THE PAYMENT OF CARRYING CHARGES. ROMANOEXPORT'S REQUEST FOR DELAY IN SHIPMENT IS THEREFORE A REQUEST FOR YET ADDITIONAL FINANCIAL CONCESSIONS BY SHIPPERS.

3. SHIPPERS FEEL THAT FAULT PROBABLY NOT WITH ROMANOEXPORT BUT WITH FINANCING AUTHORITY. ONE SHIPPER REPORTS THAT ROMANOEXPORT CONFIDED THAT AFTER THEY HAD PURCHASED U.S. COTTON THEY BECAME CONCERNED THAT THEY MIGHT RUN SHORT OF COTTON BEFORE U.S. COTTON ARRIVED AND PURCHASED NEARBY RUSSIAN AND TURKISH. THIS PURCHASE REPORTEDLY USED UP THE FINANCIAL ALLOCATION WHICH IS MADE THREE TIMES EACH YEAR.

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4. EMBASSY IS REQUESTED TO DISCUSS THIS MATTER WITH ROMANOEXPORT, THE MINISTRY OF FINANCE OR OTHER INVOLVED AUTHORITIES. EMBASSY SHOULD APPRISE THESE AUTHORITIES OF FINANCIAL IMPLICATIONS OF THEIR ACTION TO SHIPPERS AND THAT ACTIONS TAKEN BY AUTHORITY UNFAMILIAR WITH STRICT CONTRACT OBSERVATIONS OF INTERNATIONAL COTTON TRADE COULD ADVERSELY AFFECT ABILITY OF ROMANIA TO OBTAIN OFFERS OF COTTON FROM RELIABLE SHIPPERS. VANCE

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Draft Date: 24 jan 1978
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Decaption Note: 25 YEAR REVIEW
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Disposition Reason:
Disposition Remarks:
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